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## Governor LePage's 2014 State of the State Address

Office of Governor Paul LePage

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News Releases

February 4, 2014

## 2014 State of the State Address

Chief Justice Saufley, members of the 126th Legislature, distinguished guests, and my fellow citizens:

Tonight, I am here to update you, the people of Maine, about the condition of our great state.

First, I must recognize a few individuals. To my lovely wife Ann and children—please stand—I would not be here tonight without you. Ann, you have made Maine proud as our First Lady.

Staff Sergeant Douglas Connolly, the military herald this evening, thank you for your courageous service to our state and nation.

As we thank our men and women in uniform, we are reminded of those who are not with us. Bill Knight greeted thousands of troops returning from Iraq and Afghanistan at Bangor International Airport.

A World War II veteran, Bill was part of the Greatest Generation. He died on Christmas Day at age 91. He made greeting the troops his life's most important duty.

Another veteran who is not here tonight is someone many in this chamber know and respect. Michael Cianchette, who was my chief legal counsel, is now deployed to Afghanistan.

Mike is truly one of Maine's best and brightest, and we send him our best wishes for a safe return home. Mike's lovely wife, Michelle, is here with us tonight. Michelle, please stand.

Our administration is working hard so young Mainers like Mike and Michelle can continue to live and work in our state. We want our young families to enjoy a growing economy that allows them to prosper and succeed.

Mainers are a breed apart. Many of us value our individuality. We work hard. We take care of each other.

I love my state. I am proud to call myself a Mainer. I want every Mainer to succeed and prosper. But Maine is at a crossroads. We have huge challenges.

Higher taxes and bloated government have not improved our lives. Higher energy costs have not attracted major investments to Maine. More welfare has not led to prosperity. It has not broken the cycle of generational poverty.

We cannot return to the same failed policies of the past 40 years. We are better than that. We must be bold. We must have the courage to make the tough decisions.

We can do better. We will do better.

### JOB/ECONOMY

We must keep our young people in Maine. Recently, I asked some Bowdoin College students, "What can we do to keep you here?" One of them was Gregoire Faucher from Madawaska. He is eager to hear what the future of Maine holds for him. Comment ça va, Gregoire? Ça me fait plaisir de vous avoir ici ce soir.

Unfortunately, Gregoire hears more about job prospects in Boston or New York or even New Hampshire than right here in Maine. He wants to stay in Maine. But he may have to leave to find higher-paying jobs and better opportunities.

Greg and his classmates are the kind of young people we need to grow our state's economy. We must create a business climate that encourages investment that will employ Maine people.

Recruiting job creators to come to Maine is not easy. The global competition is fierce. Investment capital goes where it is welcomed and stays where it is appreciated.

As Winston Churchill said: "Some people regard private enterprise as a predatory tiger to be shot. Others look on it as a cow they can milk. Not enough people see it as a healthy horse, pulling a sturdy wagon."

Since we took office, we have made Maine more competitive. Maine's unemployment rate has fallen to 6.2%. It's the lowest since 2008. Almost 13,000 new private-sector jobs have been created since we took office.

- We reduced bureaucratic red tape.
- We cut the automatic increase to the gas tax.
- We eliminated almost \$2 billion in pension debt.
- We right-sized government.
- We found efficiencies within state agencies.

My proudest achievement: paying \$750 million in welfare debt to Maine's hospitals. It sent the message that, in Maine, we pay our bills.

Because of our efforts, good-paying jobs are being created all over the state.

- In Portland, the Eimskip shipping service.
- In Wilton, Barclaycards.
- In Brunswick, Tempus Jets.
- In Nashville Plantation, Irving Forest Products.

More jobs have been added at such world-class companies as:

- Maine Wood Concepts in New Vineyard.
- Molnlycke Health Care in Wiscasset.
- Hinckley Yachts in Trenton.

We are a state of entrepreneurial "doers." There are 40,000 small businesses in Maine. Our state has roughly 130,000 microbusinesses. They employ 170,000 people. They drive our economy. If they could each add one more job, that would transform our economy.

Nicole Snow of Sebec is a very successful micro-entrepreneur. She created Darn Good Yarn, and she does all of her business online. Nicole is growing her company into a million-dollar business—thanks to the internet. Nicole, please stand.

Having spent my career in business, I know what grows an economy. But there is a major push by many in this chamber to maintain the status quo.

Liberal politicians are taking us down a dangerous path—a path that is unsustainable. They want a massive expansion of Maine's welfare state. Expanded welfare does not break the cycle of generational poverty. It breaks the budget.

In 1935 during the height of the Great Depression, FDR—the father of the New Deal—warned against welfare dependency. He said: "To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit ... The federal government must and shall quit this business of relief."

Big, expensive welfare programs riddled with fraud and abuse threaten our future. Too many Mainers are dependent on government handouts.

Government dependency has not—and never will—create prosperity.

#### MEDICAID EXPANSION

Maine expanded welfare over a decade ago. Now MaineCare alone is consuming 25 percent of our General Fund dollars. The result?

We are taking money away from:

- Mental health services
- Nursing homes
- Job training
- Education
- Roads
- Law enforcement
- Natural resources

Maine's welfare expansion resulted in 750 million dollars of hospital debt. We just paid it off. Some want to repeat that mistake.

Look at the facts. Welfare expansion will cost Mainers at least \$800 million over the next decade. It will cost Maine taxpayers over \$150 million in the next three years. Maine's current welfare system is failing:

- Our children
- Our elderly

- Our disabled
- Our mentally ill

Thousands of our most vulnerable citizens are on waitlists for services. They need your compassion.

Michael Levasseur of Carmel has autism and needs care 24/7. Michael is here tonight with his parents, Cynthia and Paul. Cynthia had to quit her job to care for her son, and they had to downsize their house to make ends meet.

With services, Michael could get a job coach, assisted-living accommodations and participate in a day program. Maine lawmakers must address these waiting lists. Michael deserves your compassion.

We must set priorities on who will get services with our limited resources. Money may grow on trees in Washington, D.C., but we cannot count on promises of federal windfalls to pay for our services.

Let's be clear. Maine will not get 100 percent federal funding for welfare expansion. Maine already expanded. That means the federal government would give us less money than other states that are expanding now.

Adding another hundred thousand people to our broken welfare system is insanity. It is unaffordable. It is fiscally irresponsible. Expanding welfare is a bad deal for working Mainers who have to foot the bill.

Liberals believe that giving free health care to able-bodied adults, while leaving our most vulnerable in the cold, is compassionate. I disagree.

We must show compassion for all Maine people. We must protect our hard-working families from the higher insurance premiums and higher taxes that will result from further expansion. Do not focus on the next election. You must focus on the next generation.

#### **WELFARE REFORM**

We owe the next generation a society that provides them with prosperity and opportunity, not welfare and entitlements.

I will not tolerate the abuse of welfare benefits. Maine's limited resources must be reserved for the truly needy. Maine EBT cards provide cash for Temporary Assistance for Needy Families. This cash is supposed to purchase household items for needy children.

Every dollar that goes to buy cigarettes, alcohol or lottery tickets is a dollar taken away from a needy child, family or others who need services.

My proposal will prohibit TANF funds from being used for alcohol, tobacco, gambling and other adult entertainment. We will limit the use of Maine EBT cards to Maine—not Hawaii, not Florida.

If you want to ask the taxpayers for money, you should make a good-faith effort to get a job first. We will require those seeking welfare, if able, to look for a job before applying for TANF benefits.

Maine taxpayers are being punished because our welfare program far exceeds the federal guidelines. Maine has been so lenient with its work exemptions, the federal government has fined us millions of dollars in penalties. We must eliminate exemptions that excuse TANF recipients from work.

There is no excuse for able-bodied adults to spend a lifetime on welfare at the expense of hard-working, struggling Mainers. That is not what I call compassion. As John F. Kennedy said in 1961: "Ask not what your country can do for you, ask what you can do for your country." These are words that still ring true today.

#### **EDUCATION**

I know generational poverty. But I escaped generational poverty, and lived the American Dream. Some caring Maine families took me in from the streets of Lewiston and gave me the guidance I needed to succeed.

I have said it many times. Education saved my life. Throwing money at poverty will not end poverty. Education and mentoring will end poverty.

Our bridge year programs are providing educational opportunities for Maine students. The Business Academy in Biddeford recently presented 33 students with a total of 126 college credits. We saved these students thousands of dollars in college tuition.

In Fort Kent, 17 students have completed their freshman year at college upon graduating high school.

This spring, students in Hermon will graduate high school with diplomas and technical proficiencies and trade licenses. Many lawmakers, the union and school superintendents have opposed our reforms at every step. But I vow to always put our students and our teachers first.

## INFRASTRUCTURE

To strengthen Maine's economy, we must invest our resources to improve infrastructure, reduce taxes and lower energy costs for homeowners and businesses. Industry needs infrastructure to move goods and services at the speed of business.

Over the next three years, MaineDOT will invest over \$2 billion in infrastructure improvements.

We will repair or replace 54 bridges and reconstruct hundreds of miles of state roads. We will improve our ports, rail, airports and transit infrastructure. The plan supports over 25,000 jobs in highway and bridge projects. Thousands more jobs will be supported by the plan's investments in ports, rail, ferries and buses. That's putting Maine to work.

## ENERGY

But we still face barriers that make Maine less competitive. Heating and electricity costs remain a major obstacle.

Our homeowners spend well over \$3,000 a year to heat their homes. That's nearly double the national average. Maine families know that this winter has been more challenging than most.

Distribution of natural gas expanded this year in Southern and Central Maine. Mainers are saving more than a thousand dollars a year by converting to natural gas.

More funding is now available to help Mainers convert to more affordable heating systems. These systems include wood pellets, advanced oil systems, natural gas systems, energy efficiency improvements, heat pumps – anything that will cut costs for Maine homes.

High electricity costs make it very difficult to attract business. My administration is working to expand pipeline capacity from Pennsylvania to take full advantage of the natural gas supplies in that state.

Also, our neighbors in Quebec have the best clean-energy resources on the planet. My Administration is fighting for access to this cost-effective and clean source of electricity along with the rest of New England.

Many lawmakers have chosen to support powerful special interest groups over the needs of Maine's ratepayers. Let's be clear. I do not favor one form of energy over another. I am on the side of those who want to lower the costs for working Maine families. Whose side are you on?

## "OPEN FOR BUSINESS ZONES"

Tonight I am proposing a bold new idea to attract companies that will invest more than \$50 million and create more than 1,500 jobs.

My proposal will offer valuable incentives for companies that choose to locate in certain areas. They are called "Open for Business Zones."

"Open for Business Zones" will offer discounted electricity rates; employment tax benefits; and provide access to capital.

Companies in these zones will get assistance to help recruit and train workers.

Employees in these zones will not be forced to join labor unions. They will not be forced to pay dues or fees to labor unions. This will allow Maine to compete with right-to-work states.

Companies in these zones must show preference to Maine workers, companies and bidders.

Our proposal combines the kinds of incentives that other states have used successfully to attract major investment. We must be able to compete with them. We must be bold.

We must show young people like Gregoire that we are serious about providing good-paying jobs and opportunities for him and his classmates.

## TAX REFORM

States with the highest economic growth often have the lowest overall tax burdens.

We are working hard to combat Maine's reputation as a high-tax state. We passed the largest tax cut in Maine's history. Two-thirds of Maine taxpayers will get income-tax relief. Liberals call it a "tax break for the rich." But 70,000 low-income Mainers will no longer pay income tax.

We cut taxes for the working poor. This is compassion. We put money in people's pockets. We told the business community we are serious about tax reform. I am proud of the progress we made. But we need to do more.

Our tax system is out of date. It is not competitive with other states. So let's ask Mainers in a statewide referendum if they want to lower taxes.

We must lower our income tax rates and eliminate the estate tax to bring Maine's tax system into the 21st century. This would make Maine more attractive for people to work and raise their families here. It would encourage retirees to stay in Maine.

This will protect our working-class families from bearing an unfair tax burden.

My proposal also includes a limit on the growth of state spending. This will provide much-needed relief to Maine's taxpayers.

Let's stop arguing about tax reform. Let's ask the people who really matter. Let's ask Maine's hardworking taxpayers. We will ask Mainers a simple question at a statewide referendum. We will ask if they want to lower taxes by at least \$100 million and reduce state spending by at least \$100 million.

We think Mainers want tax relief. Let's give them the option to decide.

#### ADRRESSING MAINE'S DRUG PROBLEM

Finally, we must confront a troubling epidemic. It is tearing at the social fabric of our communities. While some are spending all their time trying to expand welfare, we are losing the war on drugs.

927 drug-addicted babies were born last year in Maine. That's more than 7 percent of all births.

Each baby addicted to drugs creates a lifelong challenge for our health care system, schools and social services. The average cost for drug-addicted births in 2009 was \$53,000. Welfare programs covered nearly 80 percent of those increased charges.

More important than cost are the effects to these innocent children. I am deeply concerned about the suffering and long-term consequences these newborns are subject to. It is unacceptable to me that a baby should be born affected by drugs.

We must show them our compassion.

There were 163 drug-induced deaths in Maine in 2012. The use of heroin is increasing. Four times as many people died from a heroin overdose in 2012 than in 2011.

Over 20 percent of the homicides in 2012 were related to illegal drugs. We must address the problem of drug addiction and drug trafficking. We must act now.

We need to fully fund the Maine Drug Enforcement Agency. Our police chiefs tell us local law enforcement officials need more resources to fight the drug problem in our state. Auburn Police Chief Phil Crowell is the president of the Maine Chiefs of Police Association. He is here tonight to show that the chiefs fully support our administration's war on Maine's drug problem. I am pleased the county sheriffs also enthusiastically support our initiative.

As Henry Ford said: "Coming together is a beginning; keeping together is progress; working together is success." The judicial, executive and legislative branches joined forces in an effort to eradicate domestic violence from our state. We need to come together once again to combat Maine's drug problem.

My proposal adds four new special drug prosecutors and four new judges to sit in enhanced drug courts in Presque Isle, Bangor, Lewiston and Portland.

Since local agencies do not have the manpower or resources they need to fight Maine's drug problem, we will add 14 MDEA agent positions.

We must hunt down dealers and get them off the streets. We must protect our citizens from drug-related crimes and violence. We must save our babies from lifelong suffering.

#### CONCLUSION

In closing, I welcome common-sense solutions from anyone who wants to put Maine on the right path. Success doesn't happen by doing nothing.

Bring me bold solutions. Put your politics aside. Fight for the future of Maine's children. We must show them the path to succeed.

God Bless Maine and God Bless America. Now, let's get to work.

\*Speech as prepared



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#### Information

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